

Message Text

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PAGE 01 STATE 082201
ORIGIN AID-05

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DRAFTED BY AID/SER/INC:MWAMPLER AG
APPROVED BY S/NM:DHERNST
S/NM:MCHESHES (DRAFT)
ARA/AND/C:DCOX (DRAFT)
AID/GC/C:JFINK (DRAFT)
S/NM:DSOHLIN (DRAFT)
ARA/RPP GBROWN (INFO)

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FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA PRIORITY

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E.O. 11652: N/A

TAGS: SNAR, CO

SUBJECT: NCAP - HELICOL CONTRACT

REFERENCES: (A) BOGOTA 2989; (B) STATE 68803

1. BEFORE RECONSIDERING QUESTION OF TREATING INSURANCE COST AS PART OF HELICOL CONTRACT, WISH TO SEE IF IDEA OF REIMBURSEMENT FOR OTHER COSTS WILL WORK. SHOULD WE EVENTUALLY TAKE THE VIEW THAT INSURANCE COSTS ARE PART OF THE OPERATIONS COSTS WE COULD NOT PROVIDE ADDITIONAL FUNDS, AND THE OPERATIONAL ACTIVITIES MIGHT BE REDUCED DEPENDING ON FINAL PRICE SPECIFIED IN CONTRACT. IN THIS RESPECT WE WOULD NOTE PROAG PROVIDES FUNDS ON AN "UP TO" BASIS AND THERE IS NO ASSURANCE FULL AMOUNT WOULD HAVE BEEN REQUIRED HAD IMPLEMENTATION PROCEEDED AS PLANNED. WE, THEREFORE, DO UNCLASSIFIED

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NOT ACCEPT CONCEPT THAT WE SHOULD AUTOMATICALLY PROVIDE ADDITIONAL FUNDING.

2. SINCE HELICOPTERS WILL BE TITLED TO NATIONAL POLICE (NP), RECOMMEND NP PAY INSURANCE AND USG PURCHASE LINE ITEMS WITHIN POLICE BUDGET, SCHEDULED FOR PROCUREMENT, OF COMMODITIES FOR NARCOTICS IN THE AMOUNT OF INSURANCE COSTS.

3. REF A PARA 5 - WE BELIEVE IT WOULD BE MORE PRACTICAL TO PROVIDE DIRECT REIMBURSEMENT TO THE HOST COUNTRY; HOWEVER, AS PROVIDED IN AID HANDBOOK II "COUNTRY CONTRACTING" A LETTER OF COMMITMENT OR DIRECT PAYMENT AS THEREIN PROVIDED CAN BE ACCOMMODATED. WE BELIEVE IT IS ESSENTIAL TO MAINTAIN SOUND ADMINISTRATIVE AND FINANCIAL CONTROL THROUGH THE APPROVAL PROCESS, THEREFORE, SUBSTANTIAL ASSISTANCE WILL BE REQUIRED TO THE GOC TO INSURE AN ACCEPTABLE CONTRACT FOR AVIATION SERVICES. WE BELIEVE THE SCHEDULE OF THE ALREADY NEGOTIATED CONTRACT WITH HELICOL SHOULD BE MAINTAINED TO THE MAXIMUM EXTENT POSSIBLE CONSISTENT WITH THE SWITCH TO A HOST COUNTRY CONTRACT VICE DIRECT CONTRACT FILLING IN FROM HANDBOOK II AS A SUBSTITUTE FOR THE PRESENT GENERAL PROVISIONS. THE PREPARED BAILMENT LANGUAGE SHOULD BE INSERTED IN THE SCHEDULE PART II SINCE WE ARE USING A HOST COUNTRY FORMAT. PAYMENT LANGUAGE SHOULD BE RECORDED IN PART III. IN ADDITION, THE PRELIMINARY WORK PERFORMED BY MISSION AUDIT STAFF SHOULD BE MADE AVAILABLE AND BE UTILIZED BY THE GOC TO INSURE REASONABLE AND ACCEPTABLE PRICES. IN ORDER TO ASSURE MAXIMUM ASSISTANCE TO THE GOC THE PROPOSED CONTRACT AND PRICING, INCLUDING THAT FOR UNFLOWN MINIMUMS, NEEDS TO BE ESTABLISHED BEFORE NEGOTIATIONS ARE STARTED WITH HELICOL. TO ASSIST IN ACCOMPLISHING THIS WE PROPOSE TO HAVE MESSRS. CARROLL FROM (AID/CM) AND FINK OF (AID/GC/C) PROCEED TO BOGOTA AS SOON AS THE GOC IS READY TO PROCEED AND PARTICIPATE IN ESTABLISHING AN APPROVED CONTRACT FORMAT AS WELL AS APPROVAL OF THE CONTRACT AFTER NEGOTIATIONS.

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4. WE SUGGEST AMENDMENT OF PROAG AS FOLLOWS: (A) PARAGRAPH IV A1 AND V A2 SHOULD BE AMENDED TO REFLECT THE FINANCING OF ADDITIONAL COMMODITIES (BY REDUCING THE AMOUNT FOR CONTRACT SERVICES BY DOLS 100,000, I.E. APPROXIMATELY DOLS 50,000 EACH YEAR FOR A TWO YEAR PERIOD). THESE COMMODITIES SHOULD BE IDENTIFIED AND THE PROAG AMENDED ONLY ONCE TO COVER THIS AND THE AMENDMENTS NOTED IN (B) AND (C) BELOW.

(B) PARAGRAPH IV A3 DELETE THE WORDS "A TWO YEAR DOLS (1,500,000)" AND ADD A PARAGRAPH IV A4 AS FOLLOWS:

4. FINANCING FOR A CONTRACT AS SPECIFIED IN THE AMENDMENT TO PARAGRAPH IV B2 IN A SUM NOT TO EXCEED DOLS 1,400,000. SAID CONTRACT SHALL BE FOR ONE YEAR AND RENEWABLE FOR ONE ADDITIONAL YEAR AND SUCH SERVICES SHALL BE PROCURED IN ACCORDANCE WITH AID HANDBOOK II, "COUNTRY CONTRACTING" CHAPTER 1, EXCEPT FOR THE REQUIREMENT FOR COMPETITION IN SELECTING A CONTRACTOR.

(C) PARAGRAPH IV B SHOULD BE AMENDED TO ADD AN ADDITIONAL
PARAGRAPH 3 AS FOLLOWS: "3. TO SUPPORT INDEMNITY AS SET
FORTH IN ANNEX B COMMERCIAL INSURANCE COSTS FOR THIRD PARTY

AND PASSENGER LIABILITY IN APPROPRIATE AMOUNTS TOTALLING
DOLS 10 MILLION." IT SHOULD BE NOTED, THAT THE ABOVE
PARAGRAPH 3 DOES NOT MENTION HULL LOSS AS WE UNDERSTAND
THAT THE GOC WILL INDEMNIFY BOTH THE U.S. GOVERNMENT AND
ITS AGENTS AND CONTRACTORS FROM LIABILITY FOR HULL LOSS.

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